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MONTHLY REPORT ON FINANCIAL TRANSACTIONS

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AS AT JULY 31, 2014

Highlights for July 2014

- Budgetary revenue totalled $5.3 billion in July, up $183 million compared to last year. Own-source revenue was $4.0 billion, up $165 million, while federal transfers totalled $1.4 billion, an increase of $18 million.
- Program spending amounted to $4.9 billion, up $8 million over last year.
- Debt service stood at $699 million, down $4 million from last year.
- Taking into account the deposit of $84 million in the Generations Fund, the monthly budgetary balance within the meaning of the *Balanced Budget Act* showed a deficit of $32 million for July 2014.

On the basis of the cumulative results as at July 31, 2014, the budgetary balance within the meaning of the *Balanced Budget Act* was in deficit by $1.3 billion.

Summary of consolidated budgetary transactions
(millions of dollars) (Unaudited data)

	July		April to July			2014-2015 Budget	
	2013 [1]	2014	2013-2014 [1]	2014-2015	% Change	2014-2015	Forecast Growth %
Budgetary revenue							
Own-source revenue	3 787	3 952	16 645	17 317	4.0	54 682	3.6
Federal transfers	1 349	1 367	5 466	5 568	1.9	16 691	–0.1
Total	**5 136**	**5 319**	**22 111**	**22 885**	**3.5**	**71 373**	**2.7**
Budgetary expenditure							
Program spending	–4 886	–4 894	–21 626	–22 120	2.3	–65 704	1.8
Debt service	–703	–699	–2 720	–2 763	1.6	–8 583	1.7
Total	**–5 589**	**–5 593**	**–24 346**	**–24 883**	**2.2**	**–74 287**	**1.8**
Consolidated entities[2]							
Non-budget-funded bodies and special funds	323	262	559	723	—	636	—
Health and social services and education networks	–17	–20	–34	–38	—	–72	—
Generations Fund	102	84	329	363	—	1 301	—
Total	**408**	**326**	**854**	**1 048**	**—**	**1 865**	**—**
Surplus (Deficit)	**–45**	**52**	**–1 381**	**–950**	**—**	**–1 049**	**—**
Balanced Budget Act							—
Deposits of dedicated revenues in the Generations Fund	–102	–84	–329	–363	—	–1 301	—
BUDGETARY BALANCE WITHIN THE MEANING OF THE BALANCED BUDGET ACT	**–147**	**–32**	**–1 710**	**–1 313**	**—**	**–2 350**	**—**

(1) For comparison purposes, spending for 2013-2014 was adjusted to take into account the changes made by the Ministère de l'Éducation, du Loisir et du Sport (MELS) and the Ministère de l'Enseignement supérieur, de la Recherche et de la Science (MESRS) made in the monthly transfer expenditure apportionment rates for private institutions, as well as the actual results of all non-budget-funded bodies and special funds for 2013-2014.

(2) Details of transactions by type of entity are presented on page 6 of this report.

❑ Cumulative results as at July 31, 2014

■ Budgetary balance

For the period from April to July 2014, the budgetary balance within the meaning of the *Balanced Budget Act* was in deficit by $1.3 billion. A deficit in the first four months of the fiscal year reflects the historical trend. During that period, expenditure usually exceeds revenue, since government departments spend more on their activities.

For fiscal 2014-2015 as a whole, the budget of June 4, 2014 provides for a budgetary balance in deficit of $2.4 billion.

■ Budgetary revenue

As at July 31, 2014, budgetary revenue amounted to $22.9 billion, $774 million more than as at July 31, 2013.

— Own-source revenue stood at $17.3 billion, up $672 million from the same time last year.

— Federal transfers amounted to $5.6 billion, up $102 million compared to July 31, 2013.

■ Budgetary expenditure

Budgetary expenditure as of the beginning of the fiscal year totalled $24.9 billion, an increase of $537 million, or 2.2%, over last year.

For the fiscal year, program spending rose by $494 million, or 2.3%, reaching $22.1 billion. The most significant changes were in the Health and Social Services ($299 million) and Education and Culture ($175 million) missions.

Debt service amounted to $2.8 billion, an increase of $43 million, or 1.6%, compared to last year.

Consolidated entities

As at July 31, 2014, the results of consolidated entities showed a surplus of $1.0 billion. These results included:

— a surplus of $723 million for non-budget-funded bodies and special funds;

— dedicated revenue of $363 million for the Generations Fund;

— a $38-million deficit for the health and social services and education networks.

Net financial requirements

As at July 31, 2014, consolidated net financial requirements stood at $4.5 billion, an increase of $223 million compared to last year. Net financial requirements reflect the current budget deficit as well as the year-over-year change in receipts and disbursements in the course of the government's transactions.

Consolidated budgetary and financial transactions
(millions of dollars) **(Unaudited data)**

	July			April to July		
	2013 [1]	2014	Change	2013-2014 [1]	2014-2015	Change
Budgetary revenue						
Own-source revenue	3 787	3 952	165	16 645	17 317	672
Federal transfers	1 349	1 367	18	5 466	5 568	102
Total	**5 136**	**5 319**	**183**	**22 111**	**22 885**	**774**
Budgetary expenditure						
Program spending	–4 886	–4 894	–8	–21 626	–22 120	–494
Debt service	–703	–699	4	–2 720	–2 763	–43
Total	**–5 589**	**–5 593**	**–4**	**–24 346**	**–24 883**	**–537**
Consolidated entities [2]						
Non-budget-funded bodies and special funds	323	262	–61	559	723	164
Health and social services and education networks	–17	–20	–3	–34	–38	–4
Generations Fund	102	84	–18	329	363	34
Total	**408**	**326**	**–82**	**854**	**1 048**	**194**
Surplus (Deficit)	**–45**	**52**	**97**	**–1 381**	**–950**	**431**
Consolidated non-budgetary surplus (requirements)	1 031	820	–211	–2 923	–3 577	–654
CONSOLIDATED NET FINANCIAL SURPLUS (REQUIREMENTS)	**986**	**872**	**–114**	**–4 304**	**–4 527**	**–223**

(1) For comparison purposes, spending for 2013-2014 was adjusted to take into account the changes made by the Ministère de l'Éducation, du Loisir et du Sport (MELS) and the Ministère de l'Enseignement supérieur, de la Recherche et de la Science (MESRS) made in the monthly transfer expenditure apportionment rates for private institutions, as well as the actual results of all non-budget-funded bodies and special funds for 2013-2014.
(2) Details of transactions by type of entity are presented on page 6 of this report.

MONTHLY REPORT ON FINANCIAL TRANSACTIONS

General fund revenue

(millions of dollars) (Unaudited data)

Revenue by source	July 2013	July 2014	Change %	April to July 2013-2014	April to July 2014-2015	Change %
Own-source revenue excluding government enterprises						
Income and property taxes						
Personal income tax	1 224	1 170	–4.4	5 968	6 237	4.5
Contributions to Health Services Fund	576	624	8.3	2 238	2 317	3.5
Corporate taxes	266	282	6.0	937	988	5.4
Consumption taxes	1 258	1 436	14.1	5 580	5 892	5.6
Others sources	165	160	–3.0	644	627	–2.6
Total own-source revenue excluding government enterprises	**3 489**	**3 672**	**5.2**	**15 367**	**16 061**	**4.5**
Revenue from government enterprises	298	280	–6.0	1 278	1 256	–1.7
Total own-source revenue	**3 787**	**3 952**	**4.4**	**16 645**	**17 317**	**4.0**
Federal transfers						
Equalization	653	774	18.5	2 611	3 095	18.5
Health transfers	428	402 (1)	–6.1	1 713	1 611 (1)	–6.0
Transfers for post-secondary education and other social programs	129	132	2.3	515	528	2.5
Other programs	52	59	13.5	281	334	18.9
Subtotal	**1 262**	**1 367**	**8.3**	**5 120**	**5 568**	**8.8**
Harmonization of the QST with the GST – Compensation	87 (2)	—	—	346 (2)	—	—
Total federal transfers	**1 349**	**1 367**	**1.3**	**5 466**	**5 568**	**1.9**
BUDGETARY REVENUE	**5 136**	**5 319**	**3.6**	**22 111**	**22 885**	**3.5**

(1) In accordance with the policy directions of Budget 2014-2015, tabled on June 4, 2014, $430 million in health transfers was earmarked in 2014-2015 for the Fund to Finance Health and Social Services Institutions (FINESSS), a consolidated entity. That allocation is spread over 2014-2015, at $36 million a month, and has been deducted from the health transfers. Were it not for the allocation, the change would be 2.4% instead of 6.0%.

(2) Revenue from federal compensation for sales tax harmonization is recorded as compensation funded spending is recognized. Consequently, the $1 467 million paid in 2013-2014 was spread over 2013-2014 at the rate, at $86 million a month, for debt service expenditure. The allocation of $430 million in compensation to the FINESSS was also spread over the 2013-2014 fiscal year, at $36 million a month.

MONTHLY REPORT ON FINANCIAL TRANSACTIONS

General fund expenditure
(millions of dollars)

(Unaudited data)

Expenditures by mission	July			April to July		
	2013 [1]	2014	Change %	2013-2014 [1]	2014-2015	Change %
Program spending						
Health and Social Services	2 562	2 662	3.9	10 711	11 010	2.8
Education and Culture	770	738	–4.2	5 454	5 629	3.2
Economy and Environment	632	568	–10.1	2 011	1 879	–6.6
Support for individuals and Families	526	536	1.9	2 089	2 174	4.1
Administration and Justice	396	390	–1.5	1 361	1 428	4.9
Total program spending	**4 886**	**4 894**	**0.2**	**21 626**	**22 120**	**2.3**
Debt service	**703**	**699**	**–0.6**	**2 720**	**2 763**	**1.6**
BUDGETARY EXPENDITURE	**5 589**	**5 593**	**0.1**	**24 346**	**24 883**	**2.2**

(1) For comparison purposes, spending for 2013-2014 was adjusted to take into account the changes made by the Ministère de l'Éducation, du Loisir et du Sport (MELS) and the Ministère de l'Enseignement supérieur, de la Recherche et de la Science (MESRS) made in the monthly transfer expenditure apportionment rates for private institutions, as well as the actual results of all non-budget-funded bodies and special funds for 2013-2014.

Detailed information on the transactions of consolidated entities
(millions of dollars) **(Unaudited data)**

	July 2014								
	Special funds	Generations Fund	Specified purpose accounts	Transfers (expenditures) related to the tax system	Non-budget-funded bodies	Health and education networks [1]	Total	Consolidation adjustments [2]	Total
Revenue	**930**	**84**	**277**	**696**	**2 164**	**—**	**4 151**	**–2 070**	**2 081**
Expenditure									
Expenditure	–754	—	–277	–696	–1 816	–20	–3 563	1 982	–1 581
Debt service	–183	—	—	—	–79	—	–262	88	–174
Total	**–937**	**—**	**–277**	**–696**	**–1 895**	**–20**	**–3 825**	**2 070**	**–1 755**
RESULTS	**–7**	**84**	**—**	**—**	**269**	**–20**	**326**	**—**	**326**

	April to July 2014								
	Special funds	Generations Fund	Specified purpose accounts	Transfers (expenditures) related to the tax system	Non-budget-funded bodies	Health and education networks [1]	Total	Consolidation adjustments [2]	Total
Revenue	**3 712**	**363**	**354**	**2 162**	**7 745**	**—**	**14 336**	**–7 557**	**6 779**
Expenditure									
Expenditure	–2 677	—	–354	–2 162	–7 045	–38	–12 276	7 200	–5 076
Debt service	–690	—	—	—	–322	—	–1 012	357	–655
Total	**–3 367**	**—**	**–354**	**–2 162**	**–7 367**	**–38**	**–13 288**	**7 557**	**–5 731**
RESULTS	**345**	**363**	**—**	**—**	**378**	**–38**	**1 048**		**1 048**

(1) The results of the networks are presented according to the modified equity accounting method.
(2) Consolidated adjustments include the elimination of program spending from the general fund.

The next monthly report, as at August 31, 2014, will be published on November 21, 2014.

For more information, contact the Direction des Communications of the Ministère des Finances at 418 528-7382.

The report is available on the Ministère des Finances website: www.finances.gouv.qc.ca.